

## **INFORMATION PAPER**

### **CFO Issues - FY 2000 Audit**

**Issue:** Accounting for Assets-Intangibles.

**References:**

- a. Memorandum, CERM-F dated 10 September 1999, Subject: Accounting Policy for Intangible Assets.
- b. 18 Code of Federal Regulations Part 101, 1 April 1998.
- c. ER 37-2-10, Chapter 31

**Description:** To ensure that certain land acquisition costs are reflected as intangible assets in the financial management system. Land acquisition costs incurred for multiple purpose projects that are for a specified period of time shall be amortized over that same time period.

**Requirements for Compliance:** USACE activities must follow both the Federal Accounting Standards Advisory Board and Federal Energy Regulatory Commission guidance when accounting for intangible assets. If there is ever a conflict in the guidance OMB standards take precedence.

**Standard:** Costs of easements, lesser interest, resettlements, damages, and the Government cost of acquiring lands and land rights are not recoverable as retirement (salvage) receipts upon termination of the project. Therefore, these items must be amortized over the project life. The purchase price of fee (land acquired for the relocation) should not be amortized. All other costs incurred in connection with relocations represent intangible plant costs to be amortized over the project life. Land rights that are for a specified period of time shall be amortized over that time period.

**Field Action:** Ensure that all intangible assets (permanent and temporary) are properly accounted for. Consistently apply provisions contained in ER 37-2-10 to amortize intangible asset costs. Each Corps of Engineers activity that has non-power land rights classified in CEFMS as an intangible asset should provide CERM-F a schedule.

#### **Self-Assessment Rating Criteria**

Green (Compliant): All Corps activities must classify costs of easements, whether temporary or perpetual easements for power projects, lesser interest, resettlements, damages, and the Government costs of acquiring land and land rights in CEFMS as intangible assets. These costs are amortized over the project life. On Non-power projects temporary easements must be amortized and perpetual

**INFORMATION PAPER – CFO ISSUES, FY 2000 AUDIT – Accounting for Assets-Intangibles**

easements will not be amortized. The local Internal Review (IR) Office has validated this compliance.

**HQUSACE Action:** ER 37-2-10 will be updated with the FASAB guidelines for amortizing Non-power intangible assets.

**Milestone:** All Corps-wide intangible assets will be properly classified in FY 00.

**Estimated Completion Date:** 31 March 00

**USAAA POC:** Joseph Bentz, 761-5292

**Other Pocs:**

Aaron Polley  
CERM-F/761-4998  
3 January 2000